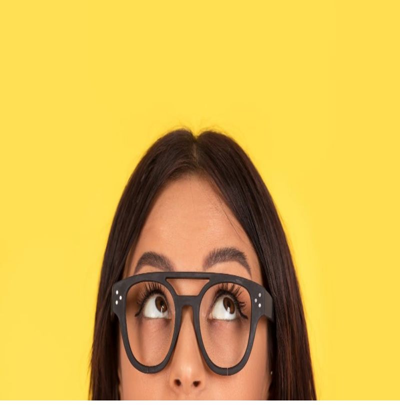

Better Buy: 2 Stocks or 1,000 Shares?

Description

Do you know the difference between stock and shares? Many beginner investors don't think much of their difference, because they are interchangeable terms. Seasoned investors understand what sets them apart. Stock is essentially a general term that connotes a publicly traded company. Shares, however, typically denote the individual slices of ownership in these publicly traded companies.

Suppose you purchase 1,000 shares of **Fortis** (TSX:FTS)(NYSE:FTS). In that case, you can say you have an investment in the utility holdings company. However, if you purchase 500 shares of Fortis and 500 shares of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), you would say that you own two stocks with a combined total of 1,000 shares.

Publicly listed companies

Fortis and TD Bank operate in entirely different industries. The commonality between the two is that both are publicly listed companies that issue shares on the stock market. Publicly listed companies register on the stock market to raise capital by selling some ownership to the general public.

Investors who purchase shares of publicly listed companies become partial owners without actually having to do anything to run the core business.

Since Fortis stock and TD Bank stock are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE), Canadians and Americans can invest in one of Canada's largest banks and utility holdings companies.

The total cost

As of this writing, Fortis stock trades for $56.58 per share, and TD Bank stock trades for $88.01 per share. At their current share prices, purchasing 500 shares of Fortis stock and TD Bank each would require you to shell out $28,290 and $44,005, respectively.

Suppose you purchase 1,000 Fortis stock shares. In that case, you would have to spend $56,580 to own those 1,000 shares in the utility company. Similarly, buying 1,000 shares of TD Bank stock would require spending $88,010 due to the difference in its share prices.

Most investors invest in more than one stock to diversify their investment capital across several companies. Diversifying your capital allocation decreases your overall risk. When you invest in multiple companies, your investment returns depend on the performance of several companies instead of one.

If one company's share prices go down while the others do better, you can offset your losses from one investment with the gains from the rest. Essentially, investing in two stocks to purchase 500 shares each can be less risky than purchasing 1,000 shares of just one company.

High-quality companies

Fortis stock and TD Bank stock have another commonality. These two publicly traded companies are also dividend stocks with stellar reputations for paying investors a share of their profits. When you buy and hold shares of high-quality companies, the value of your investment grows due to capital gains. Investing in a dividend stock means you get additional returns on your investment through shareholder dividends.

Foolish takeaway

It helps to know the difference between stocks and shares, but your ultimate goal should be to invest in high-quality companies to make profits.

Fortis is a utility holdings company that owns and operates several natural gas and electricity utility businesses across Canada, the U.S., the Caribbean, and Central America.

It earns most of its revenue through rate-regulated and long-term, contracted assets, generating predictable cash flows for the company. Fortis's management can use the predictable income to fund its capital programs and grow its dividend payouts comfortably, making it a risk-averse investment.

TD Bank is one of Canada's largest banks. It has strong domestic and international banking operations, and it is among the largest banks in the United States. TD Bank acquired several banks in the U.S. after the Great Recession, stitching them into one network and expanding its presence in the U.S.

TD Bank is completing its acquisition of the Memphis-based First Horizon bank, which will increase its presence in the U.S. further, giving it compelling growth potential.

Both are high-quality stocks and warrant a place in any diversified and well-balanced investment portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:FTS (Fortis Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/19
Date Created
2022/09/24
Author
adamothman